

FISCAL NOTE

SB 2415 - HB 2600

January 27, 2004

SUMMARY OF BILL: Provides for an industrial development corporation to submit an economic impact plan to its creating municipality which designates an area including an industrial park or a project owned by the corporation or for which the corporation has provided financial assistance. Provides for the area to also include other properties the corporation determines will be directly improved as a result of activities related to the industrial park or project. Requires the plan to include expected benefits to the municipality including anticipated tax receipts and jobs. Specifies that the property taxes levied on property in the plan area be allocated as follows: 1) portion equal to amount payable on the property prior to the plan (Base Tax Amount) shall be allocated to the respective taxing agencies provided that if taxes are less than the Base Tax Amount only those actually imposed shall be paid; 2) any taxes in excess of the Base Tax Amount shall be allocated to the industrial development corporation to pay expenses of promoting economic development, costs of projects, and debt service on bonds. Allows the corporation and municipality to provide for excess taxes to go to taxing agencies rather than the corporation. Requires corporation to hold public hearing regarding plan and provide notice of such hearing. Requires economic impact plan be approved by the municipality.

ESTIMATED FISCAL IMPACT:

Decrease Local Govt. Revenues - Exceeds \$1,000,000 / Permissive

Increase Local Govt. Expenditures - Not Significant

Estimate assumes:

- To the extent a municipality where an industrial development corporation is located chooses to approve an economic impact plan under the provisions of the bill and allocates the taxes generated by improvements on property within that area to the industrial development corporation, the municipality will experience a decrease in revenues that would not have been experienced in the absence of the bill. This decrease is estimated to exceed \$1,000,000 statewide.
- The State Board of Equalization estimates that the current loss of property tax revenue associated with Industrial Development Corporation incentives is \$180 million statewide.
- An increase in local government expenditures for administrative costs associated with consideration of economic impact plans and re-allocating tax revenues.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



